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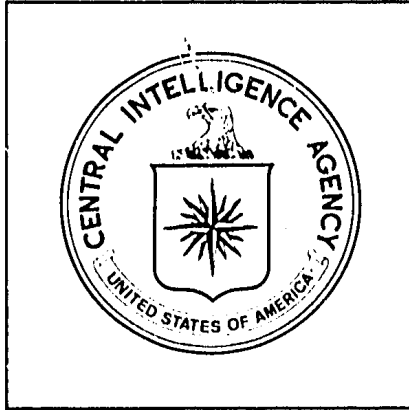
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STAFF NOTES:

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WESTERN EUROPE — [REDACTED] — INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Phone: 143-5205

Proposed New Latin American Regional
Labor Organization

Venezuelan and Argentinian trade unions hope to replace the Western Hemisphere affiliate of the International Confederation of Free Trade Unions (ICFTU) with a more effective organization.

The leaders of the Mexican, Colombian, Venezuelan and Argentinian trade unions discussed the creation of a new body to replace ORIT--the Inter-American Regional Organization of Workers--during meetings of the International Labor Organization (ILO) in Mexico last month.

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[REDACTED] a consensus was reached on the need for making the change.

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[REDACTED] is not affiliated with ORIT--described the latter as an "absolutely worthless" group which retards rather than helps efforts to combat communist influence in labor affairs.

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In fact, ORIT has been in the throes of a multi-faceted crisis for at least two years. Severe financial difficulties, coupled with widespread member dissatisfaction over policies and general ineffectiveness, have not been resolved despite resolutions to improve these deficiencies. ORIT has been accused by numerous other ICFTU affiliates of supporting the present Chilean government--extremely unpopular in Western Europe--in concert with the AFL-CIO and the US government. For this reason, among others, the ICFTU has been under heavy pressure either to reorganize or disband ORIT.

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[REDACTED] Confederation of Venezuelan Workers (CTV) [REDACTED] leaders are scheduled to meet with Mexican trade unionists in early February to make further plans for the creation of a new hemispheric organization. Other major national labor movements--notably in the US,

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Colombia and Argentina--are also expected to be invited to attend these discussions. The meetings are seen as the first of several intended to sell the idea to other Latin American labor bodies in order to facilitate definitive action at this fall's ICFTU meetings.

Although the CTV wants the proposed organization to "include" the US and Canada, the Argentinians are thinking of an all-Latin grouping related to North America through a so-called "inter-American coordinating body." The Cuban union's membership in WFOTU, the communist-controlled labor international, is cited as the reason why it is ineligible for membership.

Prospects for establishing the new organization anytime soon are uncertain, given the parochial interests of Latin American national unions. The US Embassy in Buenos Aires, for example, comments that organized Argentine labor is preoccupied with its own internal problems and has little time or interest at present for multinational labor affairs. (Confidential)

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Turkey Preparing for Halt in US Arms Aid

The Turkish government reportedly is seeking alternative sources of armaments in the expectation that US military assistance will stop after the February 5 deadline the US has assigned for showing substantial progress toward a Cyprus settlement. In a further reaction to the expected aid cutoff, members of parliament are calling for a review of Turkish-American relations.

Turkish officials had previously appeared to be assuming that a way would be found to avoid the aid cutoff. The temporary ban instituted last month, however, apparently shocked the Turks out of their complacency.

25X1X The Turkish military reportedly is still hopeful that sufficient progress will be made in the current negotiations to avoid the aid halt. [REDACTED] however, Turkish military attaches have been instructed to survey branch offices of US armaments firms in Europe as a possible source of needed equipment and spares. [REDACTED] Foreign Minister Esendel does not believe Turkey can make the kind of concessions on Cyprus that would satisfy the US congress and has ordered government agencies to make preparations to replace the aid. Attention is currently being focused on the development of a Turkish armaments industry. 25X1X

At the same time, sixteen deputies of the Republican People's Party have called for a parliamentary debate on Turkish-American relations and a senator is pressing for a senate investigation. The proposed debate would focus on three items:

--Mutual defense commitments;

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--Measures to fill the gap if the aid cutoff
is implemented;

--The development of a national war industry.

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[REDACTED] the 25X1X
deputies behind the proposal hope that if US aid
is cut off on February 5 they will be in a position
to take revenge in the form of canceling US base
rights in Turkey. [REDACTED] in Ankara reports 25X1X
that whatever form the debates take US-Turkish re-
lations will suffer. (Secret No Foreign Dissem/
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Icelandic-West German Fishing Dispute Still
Simmering

Another incident in the fishing dispute between Iceland and West Germany and Reykjavik's lukewarm response to the possibility of resuming talks between the two countries have aggravated an already tense situation.

On January 12, an Icelandic ship cut the trawls of a West German fishing vessel allegedly found fishing within Iceland's self-declared 50 mile zone. It was the first incident at sea since last November.

In the meantime, Foreign Minister Agustsson recently confirmed press speculation that Iceland had received an invitation from Bonn to resume negotiations aimed at ending the dispute. Agustsson reportedly said that the government had not taken a position on the proposal since it was not clear that new talks would produce results.

The conflict between Iceland and West Germany erupted last November when a German fishing vessel was fired upon and seized by the Icelandic Coast Guard. Talks have been suspended since last October because of disagreements within the governing Progressive and Independence parties.

The current dispute will probably lead to a resumption of negotiations. The Icelanders are looking for a tougher agreement than the one that ended the cod war with the UK in 1973. Iceland would like to limit, if not completely ban, West German trawlers to prevent massive catches that would deplete important resources. (Confidential No Foreign Dissem)

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Europeans Respond to US Trust Fund Proposal

Major European capitals seem prepared to consider favorably a US proposal for a trust fund under the new joint IMF/IBRD Development Committee that would provide temporary financial assistance to the poorest developing countries adversely affected by oil price increases. At Friday's meeting of the development committee Germany, Italy, the UK, Canada, and the Netherlands will support creation of a working group to continue development of the trust fund concept.

A French official, however, has voiced strong objections to parts of the US plan that call for use of IMF gold to finance the fund. The official to whom the plan was outlined affirmed his country's belief that IMF gold can be returned only to the donor country and cannot be used for aid to developing countries. He said that France had maintained a high level of bilateral assistance to these states despite its own poor balance of payments position and expressed regret that the US had not done the same.

The French official also said it would be difficult for Paris to respond to the US proposal on Friday because it has not had time to study the plan that was outlined at an IMF executive board meeting on December 20 and proposed on January 9 by the US for consideration at the development committee. The official added that such an item deserved more lead time and might even have been a fit subject for discussion at the Martinique summit.

British officials said that the UK considers the US proposal to be the main issue at the development committee meeting and urged speed in reaching agreement. London is apparently prepared to offer terms at a more concessional rate than the US would offer, however, and has indicated that loans should be distributed on the basis of poverty and need rather than strictly on IMF balance of payments criteria. The British officials made no mention of

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the provisions for using IMF gold to finance the trust fund but added that the UK would consider contributions from its own funds if other OECD members would make similar contributions. The British also wanted to know if the US would contribute its own funds or whether the US feels all funds should come from IMF gold holdings.
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Europe's New View of the Developing States

Recent public comments by EC Commissioner Claude Cheysson in Morocco provide a striking illustration of the new relationship that is evolving between Europe and the developing world, especially the Arab states. Cheysson's remarks, as well as recent comments by Commission President Ortoli, imply a sense of European impotence with regard to those countries which supply raw materials, particularly oil.

Cheysson's visit to Morocco is part of an EC effort to conclude negotiations on a comprehensive association agreement to be signed in February. According to Cheysson, the agreement would mark the beginning of a profoundly different relationship between the EC and Morocco, one based on a new European awareness of its dependence on producers of raw materials. The EC official referred in Rabat to Europe's "fear of being strangled by the need for raw materials and energy" but also noted that European dependence ensures a certain equality in future relations between Europe, the Arab world and the developing countries.

Citing past European arrogance and neglect of the developing countries, Cheysson almost apologized for the meager terms of the EC's 1969 agreement with Morocco. The new agreement will provide far more generous terms for Morocco, including protocols on financial assistance, industrial and technical cooperation, and equal treatment for migrant workers.

The agreement is part of a more comprehensive EC policy to expand trade and influence throughout the Mediterranean area. The EC hopes this policy will also set a pattern for future relations with the oil-producing states of the Middle East.

In line with this intent, the EC may approach Morocco to serve as a broker in the current talks

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of the EC Nine with the Arab League. This dialogue is currently stalled over the question of giving the Palestinian Liberation Organization observer status in the negotiations. EC members are sharply divided over this issue, but Cheysson nevertheless stated that the PLO would participate in the Euro-Arab talks.

Last week EC Commission President Ortoli also called on the Nine to improve relations with the developing countries and to take emergency action to reduce EC dependence on external sources of raw materials. Ortoli noted the absence of political will in the community over the past two years and urged that the Commission adopt a more active political role in the future, vigorously exercising its right to initiate actions in this area.

The EC Commission did announce an energy action program this week that would eventually increase European leverage on oil producers through accelerated research on alternate sources of energy and energy conservation. The new program, which is now before the Council of Ministers, has been under discussion since last July. (Confidential No Foreign Dissem)

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Giscard Conducts Foreign Policy of "Discreet
Independence"

President Giscard seems to be capitalizing on the energy crisis to help move French foreign policy away from de Gaulle's concept of "grandeur" and independence.

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the foreign minister believes Giscard will be able to maneuver France into a position alongside its natural allies--the industrialized, Western, petroleum-consuming countries. The foreign minister thinks that the French government no longer feels required to take obstructionist positions simply to assert French separation from US policy toward Europe.

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Sauvagnargues also argues that Giscard will be able to use the Martinique summit to demonstrate that the US is not putting pressure on France either to join the International Energy Agency or to increase its participation in NATO. The French president could use this to justify a closer alignment with either organization, claiming that he is acting strictly for reasons of national interest.

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recently confirmed that the French government has been trying to avoid public friction with the US since the Martinique summit. After conversations with Giscard, Sauvagnargues, Senate President Poher and other top officials, the 25X1X clear impression that France wishes to carry out bilateral relations in a growing spirit of cooperation and friendship.

Various public statements by the French president since his three summits in December also indicate that Giscard is taking a more pragmatic approach to foreign policy. He has condemned the seeking of national "success" in

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international affairs. Foreign policy problems, he has said, must be solved by the best ideas available--even if they are not French. Conceding that France is only a medium-size country, he has spoken of playing a "role of conciliation."

So far, however, Giscard's "realistic" vocabulary has not been translated into action. French foreign policy displays continuity on most issues--including the Middle East, NATO, defense, the International Energy Agency and the Nuclear Non-Proliferation Treaty. Gaullist concepts of national interest are deeply imbedded in the French foreign ministry and it will take time for changes to filter down. Recently, for example, [REDACTED] French 25X1X diplomats are working to undermine US influence in Saudi Arabia--an evidence of latent Gaullism.

Giscard may be making a sincere effort to encourage the evolution of French foreign policy along more Atlanticist lines, but he has not abandoned the traditional suspicion that US positions might be harmful to French political or economic interests. Paris will clearly continue to take issue with the US when it believes its national interest or prestige is at stake. Moreover, France will probably continue to resist any curtailment of its freedom of action by avoiding membership in multinational organizations of consuming countries that might alienate third world clients--in particular the Arab oil producers. Giscard will also have to work within limits imposed by the resurgence of the Gaullist Movement under Prime Minister Chirac.
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